

## Operational Policy and Procedure

### CONTRIBUTIONS, PAYMENTS, AND REIMBURSEMENTS

#### The purpose of this Operational Policy and Procedure (OPP) is:

- To define the standards and expectations for employee and retiree required contributions and survivor payments;
- To define the standards and expectations for reimbursements to retirees and other qualified covered individuals; and
- To establish processes for administering this policy.

#### Due Dates and Methods

Employee and retiree required contributions and survivor payments are due on or before the first of the month, for each month of coverage. Contribution and payment due dates are not changeable; that is, the due date cannot be altered for any plan subscriber.

Employee contributions are normally made by payroll deduction. Retiree contributions and survivor payments are made by Electronic Funds Transfer (EFT).

In the event the contribution or payment is required by a method other than that stipulated above for employees, retirees and survivors, such contribution or payment shall comply with and continue to be subject to all timelines and policies.

#### Employees in Unpaid, Insufficient Pay or Layoff Status

*Insufficient Pay:* Employees who have insufficient pay to cover their required contributions for one or more months are placed on Direct Pay status in accordance with CalPERS requirements. For each month in Direct Pay status the employee must make payments directly to the carrier to continue coverage.

*Covered Unpaid Status for Part-time Faculty and Covered Leave Without Pay:* Employees who are in covered unpaid status for one or more months – for example, due to status as an eligible part-time faculty employee or an employee on CFRA, FMLA or LTD – are placed on Direct Pay status in accordance with CalPERS requirements. For each month in Direct Pay status the employee must make payments directly to the carrier to continue coverage.

*Layoff or Non-covered Leave Without Pay:* Employees who are in non-covered unpaid status or who have been laid off are placed in COBRA status in accordance with CalPERS requirements and federal COBRA regulations. For each month in COBRA status the employee must make payments directly to the carrier to continue coverage.

#### Reimbursements

*Direct Pay or COBRA Status:* Reimbursements to employees on Direct Pay status and to employees who are eligible for reimbursement while in COBRA status (e.g., under reduction in force provisions), are made by manual check processing following receipt of required documentation verifying continued enrollment with and full payment of the premium to the carrier. In accordance with governmental accounting and auditing procedures applicable to the District, requests for reimbursement must be accompanied by both verification of payment and verification of participation in the CalPERS plan for the month in question.

*Retirees and Survivors:* Reimbursements to all retirees and survivors eligible to participate in the District-sponsored health benefit plan(s) are made by EFT.

### **Electronic Funds Transfer**

It is the District's intention to ensure proper administration of its benefit plans to qualified individuals and to incorporate the use of technology where such use contributes to cost containment and efficiency while maintaining adherence to the District's obligations to properly administer, and its members' obligations regarding participation in, any District-sponsored benefit plan.

The District will reimburse or collect the contribution or payment on a monthly or quarterly basis in accordance with established procedures on or around the first of the month for which contribution, payment or reimbursement is due.

*Payment Method Other than EFT:* In the event the contribution or payment is required by a method other than EFT, such contribution or payment shall comply with and continue to be subject to all timelines and policies. See *OPP: Penalties and Loss of Coverage*.

*Reimbursement Method Other than EFT:* In the event reimbursement is required by a method other than EFT, such reimbursement, in accordance with governmental accounting and auditing procedures applicable to the District, must be accompanied by both verification of payment and verification of participation in the CalPERS plan for the month in question. Where verification is dependent on CalPERS reporting, reimbursement can take 120 days or more to conclude. Upon receipt of all required verification, the District will promptly process manual reimbursement in accordance with check processing procedures of the District at the "*end of the same month*" that we received documentation.

### **Overpayment of Reimbursement**

In the event of overpayment of reimbursement – for example, due to failure to report retiree cancellation of participation in a CalPERS medical plan – payment must be returned to the District immediately. Overpayment may be collected by EFT recovery. In the event there are insufficient funds in the account, payment must be returned to the District in full, by cashier's check or money order. Failure to do so may result in collection efforts by the District.

### **CalPERS Rules and Regulations**

District-sponsored medical plans are administered through contract with CalPERS. All related rules, policies, and procedures are subject to CalPERS rules and regulations. Wherever a conflict may exist, CalPERS rules and regulations will prevail.

Established January 2014